



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2024





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Columbus, Ohio 43215  
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Board of Education  
Bellbrook-Sugarcreek Local School District  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

We have reviewed the *Independent Auditor's Report* of Bellbrook-Sugarcreek Local School District, Greene County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### **Finding for Recovery – Resolved Under Audit**

Bellbrook-Sugarcreek Local School District's Negotiated Agreement with the Sugarcreek Education Association, which outlines certified employees' compensation, states in Section #6.06 that teachers must submit evidence of increased training for advancement on the salary schedule to the Superintendent on or before October 1 for the change to be applied to that entire school year. Section #6.06 further states that when teachers submit evidence of increased training for advancement on the salary schedule to the Superintendent after October 1, but on or before February 1, the change will take effect on the 93<sup>rd</sup> day of that school year.

Teacher Debbie Bobick turned in her master's degree transcripts to the District on October 27, 2023 and therefore her pay increase to the master's rate should've started on the 93<sup>rd</sup> day of the school year. However, the District inadvertently paid her at the master's rate for the entire 2023-2024 school year as if her master's degree transcripts had been turned in prior to October 1, 2023. As a result, Debbie Bobick was overpaid by \$1,067.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Debbie Bobick, and in favor of the Bellbrook-Sugarcreek Local School District, in the amount of \$1,067 to the General Fund (Fund 001).

On October 31, 2024, Debbie Bobick and the District entered into a repayment agreement for \$100 to be deducted from ten bimonthly paychecks starting on November 5, 2024, and ending on April 4, 2025 with a \$67 deduction. Since a repayment agreement has been entered into for the finding amount, the Finding for Recovery is considered to be resolved under audit.

Board of Education  
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3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305  
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bellbrook-Sugarcreek Local School District is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

**March 27, 2025**

**Bellbrook-Sugarcreek Local School District**

**Greene County**

For the Year Ended June 30, 2024

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## INDEPENDENT AUDITOR'S REPORT

Bellbrook-Sugarcreek Local School District  
Greene County  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

To the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellbrook-Sugarcreek Local School District, Greene County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellbrook-Sugarcreek Local School District, Greene County, Ohio as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*BHM CPA Group*

BHM CPA Group, Inc.  
Portsmouth, Ohio  
December 31, 2024

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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The discussion and analysis of the Bellbrook-Sugarcreek Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2024 are as follows:

*Overall:*

- Total net position increased from a deficit of \$9.0 million at the beginning of the year to a \$2.2 million deficit at the end of the year.
- Total assets of governmental activities increased by \$3.1 million due mainly to the \$3.7 million increase in pooled cash and cash equivalents reported at year-end.
- Total liabilities decreased \$1.5 million over those reported one-year prior as the net pension and OPEB liabilities increased \$1.1 million based on the results reported by the State-wide retirement systems as well as the decrease of \$2.8 million in the general long-term obligations due to payments made by the School District.
- General revenues accounted for \$39.8 million or 88.4 percent of total revenue. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions account for 11.6 percent of total revenues of \$45.0 million.
- The general fund of the School District ended fiscal year 2024 with a fund balance of \$17.0 million, an increase of \$3.8 million when compared to that reported for the prior fiscal year.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bellbrook-Sugarcreek Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. Major funds for the School District include; the general fund (the School District's operating fund), the bond retirement fund, and the permanent improvement fund.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**  
Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024

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## **Reporting the School District as a Whole**

### *Statement of Net Position and the Statement of Activities*

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. All the School District's activities are reported as governmental activities. These include, but are not limited to, instruction, support services, operation of non-instructional services, and extracurricular activities. The School District does not have any business-type activities.

## **Reporting the School District's Most Significant Funds**

### *Fund Financial Statements*

Fund financial statements provide detailed information about the General, Bond Retirement, and Permanent Improvement Funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other governmental funds.

### Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**  
 Greene County, Ohio

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2024

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**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2024 compared to one year prior:

	TABLE 1	
	NET POSITION	
	<u>2024</u>	Revised <u>2023</u>
<i>Assets</i>		
Current and Other Assets	\$ 52,739,858	\$ 48,345,501
Capital Assets, Net	<u>30,511,371</u>	<u>31,817,013</u>
Total Assets	83,251,229	80,162,514
<i>Deferred Outflows of Resources:</i>		
Deferred Charge on Refunding	164,571	195,105
Pension and OPEB	<u>7,942,143</u>	<u>7,361,727</u>
Total Deferred Outflows of Resources	8,106,714	7,556,832
<i>Liabilities:</i>		
Current Liabilities	4,364,064	4,147,893
Long-Term Liabilities:		
Net OPEB Liabilities	1,839,372	1,465,134
Net Pension Liabilities	28,915,436	28,200,747
Other Long-Term Liabilities	<u>25,713,763</u>	<u>28,559,364</u>
Total Liabilities	60,832,635	62,373,138
<i>Deferred Inflows of Resources:</i>		
Property Taxes	26,551,363	25,986,571
Pension and OPEB	<u>6,195,294</u>	<u>8,365,340</u>
Total Deferred Inflows of Resources	32,746,657	34,351,911
<i>Net Position:</i>		
Net Investment in Capital Assets	6,888,768	5,494,745
Restricted	4,808,213	4,976,179
Unrestricted (Deficit)	<u>(13,918,330)</u>	<u>(19,476,627)</u>
Total Net Position	<u><u>\$ (2,221,349)</u></u>	<u><u>\$ (9,005,703)</u></u>

The net pension liability (NPL) is reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27", and the net OPEB asset/liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or OPEB asset/liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 required the net pension liability and the net OPEB asset/liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement systems. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event the contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset and liability, respectively, not accounted for as deferred inflows/outflows.

The amount by which the School District's assets and deferred outflows of resources differs from its liabilities and deferred inflows of resources is called net position. As of June 30, 2024, the net position of the School District was a deficit of \$2.2 million due primarily to the recognition of the School District's proportionate share of the net pension and OPEB assets/liabilities. If the components of recording the net pension and OPEB assets/liabilities are removed from the Statement of Net Position, the School District's ending net position would be approximately a positive \$24.7 million. We feel this is important to mention as the management of the School District has no control over the management of the State-wide pension or OPEB plans or the benefits offered; both of which control the net pension and OPEB assets/liabilities amounts which have a significant effect on the School District's financial statements.

Net position invested in net capital assets reported at the end of fiscal year 2024 was more than that reported one year prior. This increase resulted as the total capital related debt service during the fiscal year was more than the decrease in the value of the capital assets, net of accumulated depreciation. The portion subject to external restrictions upon its use (\$4.8 million) reported at June 30, 2024 was comparable to the revised amount reported for the year prior. The remaining deficit of net position of \$13.9 million is reported as unrestricted. As the effect of recognizing the net pension and OPEB assets/liabilities are closed through unrestricted net position, the increase in unrestricted net position deficit for the fiscal year was expected due to the changes reported by the State-wide retirement systems.

Total assets reported at June 30, 2024 increased by nearly \$3.1 million from those reported at the beginning of the year. Current and other assets increased by 9.1 percent as pooled cash and cash equivalents increased approximately \$3.7 million as management made efforts to control operating expenses during the fiscal year, especially in the general fund. This increase was partially offset by the 4.1 percent decrease in net capital assets, where depreciation for the year (\$2.3 million) was significantly larger than capital asset additions (\$1.0 million).

Total liabilities decreased by \$1.5 million from the total reported at the beginning of the year, or 2.5 percent. The net pension and OPEB liabilities increased by a total of \$1.1 million based on the results reported by the State-wide retirement systems, offset by \$2.3 million payments made by the School District during the current year reducing the general long-term obligations. During the measurement period used to calculate the net pension liability, the retirement systems earned a rate of return lower than the assumptions used in the actuarial valuation, therefore the ending net position available for benefits decreased which increased the ending net pension liability. The School District records its proportionate share of the net pension and OPEB liabilities, as well as the related changes during the measurement period, within its government-wide financial statements.

The changes in deferred outflows and inflows of resources are due to the overall changes net pension and OPEB asset and liabilities components reported by the State-wide pension systems during fiscal year 2024.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**  
 Greene County, Ohio

Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2024

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Table 2 shows the changes in net position for fiscal years 2024 and 2023.

TABLE 2  
 CHANGES IN NET POSITION

	<u>2024</u>	<u>2023</u>
<i>Revenues:</i>		
Program Revenues:		
Charges for Services & Sales	\$ 3,109,198	\$ 3,052,254
Operating Grants & Contributions	2,048,865	3,021,756
Capital Grants & Contributions	75,000	75,000
General Revenues:		
Property taxes	28,451,604	26,945,273
Grants & Entitlements	9,535,114	10,106,252
Other	1,806,271	957,008
Total Revenues	<u>45,026,052</u>	<u>44,157,543</u>
<i>Program Expenses:</i>		
Instruction	19,194,865	19,124,912
Support Services:		
Pupils and Instructional Staff	4,148,500	4,067,217
Board of Education, Administration,		
Fiscal and Business	3,617,235	3,560,877
Plant Operation and Maintenance	3,044,725	2,915,492
Pupil Transportation	2,341,945	2,723,272
Central	187,114	138,620
Operation of Non-Instructional Services	1,143,104	1,078,324
Extracurricular Activities	2,305,991	1,998,857
Unallocated Depreciation	1,657,653	1,657,653
Interest and Fiscal Charges	600,566	705,800
Total Expenses	<u>38,241,698</u>	<u>37,971,024</u>
<i>Change in Net Position</i>	6,784,354	6,186,519
<i>Beginning Net Position</i>	<u>(9,005,703)</u>	<u>(15,192,222)</u>
<i>Ending Net Position</i>	<u>\$ (2,221,349)</u>	<u>\$ (9,005,703)</u>

As shown in Table 2, \$39.8 million, or 88.4 percent, of the School District's total revenue is derived from general revenues, essentially property taxes and state entitlement programs. Overall, total revenue increased by \$868,509, or 2.0 percent, compared with fiscal year 2023 amounts. Charges for Services, program revenue increased slightly by \$56,944 compared with prior year amounts due to an increase in extracurricular activities revenue for the current year compared to that of prior years. Operating grants decreased by 32.2 percent as the School District received significantly less COVID-19 related assistance in the current year compared with the amount received in the past few fiscal years. Property taxes increased by 5.6 percent over the prior year as real estate values and new construction of homes continued to increase during the fiscal year. For tax year 2023 collected in calendar year 2024, the appraised value of property within the School District increased approximately 27 percent. The School District received approximately half of the additional taxes to be received because of the "reappraisal" during fiscal year 2024. Unrestricted grants and entitlements decreased slightly from the prior year as the School District received less State Foundation revenue in the 2<sup>nd</sup> year of implementation of the new Foundation funding formula.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**  
Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024

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Total expenses of the School District for fiscal year 2024 remained relatively constant (0.7 percent increase) with those reported for fiscal year 2023. The employees received a 2.0 percent increase in base salary for fiscal year 2024, however this was somewhat offset by a 9.5 percent decrease in medical insurance premiums for the fiscal year. Another factor in the minimal increase in expenses for the year was the minimal fluctuation in the pension and OPEB adjustments required for fiscal year 2024 compared to those of the prior year. In fiscal year 2024, the School District's expenses were reduced by a total of \$1.1 million by the pension and OPEB adjustments, whereas these adjustments reduced expenses in the prior year by \$992,348. Typically, these year-end adjustments significantly affect the comparability of expenses from one year to the next. Management continues its efforts to control operating expenses, especially those funded by unrestricted resources.

TABLE 3  
NET COST OF SERVICE

	<u>2024</u>	<u>2023</u>
Instruction	\$ 17,461,306	\$ 16,742,682
Support Services:		
Pupils and Instructional Staff	3,390,443	3,266,826
Board of Education, Administration,		
Fiscal and Business	3,617,235	3,560,877
Plant Operation and Maintenance	2,935,914	2,811,892
Pupil Transportation	2,266,071	2,162,184
Central	187,114	138,620
Operation of Non-Instructional Services	(33,946)	(455,466)
Extracurricular Activities	926,279	1,230,946
Unallocated Depreciation	1,657,653	1,657,653
Interest and Fiscal Charges	600,566	705,800
Total Net Cost of Service	<u>\$ 33,008,635</u>	<u>\$ 31,822,014</u>

Table 3 above shows the net cost of service reported for fiscal year 2024 compared with those reported for fiscal year 2023. Some of the School District's activities are financed through user charges, tuition and fees, and/or specific grants or contributions. These revenue sources are defined as program revenues, and the statement of activities shows these revenues in conjunction with the expenses of the School District to present the net cost of each function reported by the School District; that is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

In fiscal year 2024, 86.3 percent of the School District's expenses were financed through property taxes and state foundation revenues (general revenues) compared with 83.8 percent for the prior year. In fiscal year 2024, the School District had program revenues totaling \$5.2 million, which was \$915,947 less than the amount reported for the prior fiscal year as fewer COVID-19 related operating grants and assistance was received in fiscal year 2024 compared to the year prior. As is apparent from the table above, the School District continues to be extremely reliant on local property taxes and unrestricted intergovernmental funding to provide educational services to its students.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**  
Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024

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### **The School District's Funds**

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$44.9 million and expenditures of \$40.7 million. The net increase in total governmental fund balance of \$4.1 million resulted in an overall fund balance of \$19.7 million for the governmental funds; \$2.8 million of which is restricted for various purposes including debt service, capital improvements, food service operations, and student activities programs.

The School District's general fund, the primary operating fund, ended fiscal year 2024 with an unassigned fund balance of \$16.1 million; an increase of nearly \$3.4 million from the unassigned fund balance reported one year prior. Overall, the revenues of the general fund were \$2.4 million more than those reported for the prior year due to increased property tax and interest revenue reported for the current year. Total expenditures of the general fund increased by \$2.4 million compared to the prior year due to wage increase provided to employees (2.0 percent) as well as the general fund reporting certain expenditures which were previously funded by COVID-19 related grants and assistance and reported in other funds. Unassigned fund balance at year end represents 47.9 percent of the fund's expenditures, compared to 40.8 percent one year ago.

The fund balance of the bond retirement fund increased slightly during the current fiscal year, ending the year with a \$1.7 million fund balance. Due to the nature of the bond levy, the revenues and expenditures of the bond retirement fund will not equal one another in any one particular year, however over the life of the bond issue, the tax receipts and debt service payments should approximate one another.

The permanent improvement fund ended the fiscal year with a fund balance of \$664,686; an increase of \$475,132 from the prior year ending fund balance. Expenditures decreased for the fund primarily due to the acquisition of significant security equipment during the prior year.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, budget basis actual revenue was \$36.5 million as compared to the original budget estimates of \$36.0 million. The School District increased its expectation of interest revenue during the course of the year as interest rates began to escalate during the year.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$34.1 million, which was \$547,899, or 1.6 percent, more than what was budgeted prior to the start of the fiscal year. The School District's total budgeted expenditures increased from the beginning budget amounts by \$849,999, or 2.5 percent, ending the year at \$34.4 million.

### **Debt Administration**

At June 30, 2024 the School District reported outstanding debt obligations of \$21.7 million, of which \$2.4 million is due within the next year. Total general obligation bonds, including unamortized premiums, account for \$22.1 million of the total debt obligations while energy conservation bonds and financed purchase accounted for \$1.6 million of the total obligations, respectively. Fiscal year 2024 principal payments on debt obligations totaled \$2.3 million.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**  
Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024

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For more detailed disclosures regarding the School District's debt obligations the reader should refer to Note 12 to the basic financial statements.

### **Capital Assets**

At the end of fiscal year 2024, the School District had \$30.5 million invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles in governmental activities. Table 4 shows fiscal year 2024 balances compared to the 2023 balances. For additional detail on the School District's capital assets readers should review Note 9 to the basic financial statements.

TABLE 4  
CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Land	\$ 3,432,055	\$ 3,432,055
Land Improvements	5,769,919	5,383,119
Buildings and Improvements	61,821,222	61,821,222
Furniture and Equipment	2,319,174	2,319,174
Vehicles	3,844,081	3,277,080
Less: Accumulated Depreciation	<u>(46,675,080)</u>	<u>(44,415,637)</u>
 Total Capital Assets	 <u>\$ 30,511,371</u>	 <u>\$ 31,817,013</u>

Overall, net capital assets decreased by \$1.3 million compared to the fiscal year 2023 amount. The decrease in capital assets results from the amount of depreciation being charged for the fiscal year exceeding the amount of new capital assets reported the fiscal year. Depreciation expense reported for fiscal year 2024 was \$2.3 million with just \$953,801 of current year additions to capital assets.

Costs associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item, are included within the operation and maintenance of plant function.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Bellbrook-Sugarcreek Local School District, 3757 Upper Bellbrook Road, Bellbrook, OH 45305 or call (937) 848-5001.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<b>Governmental Activities</b>
Assets:	
Equity in pooled cash and cash equivalents	\$ 21,645,640
Receivables:	
Accounts	99,988
Intergovernmental	106,325
Property and other taxes	28,782,920
Prepaid items	37,418
Net OPEB asset	2,067,567
Capital Assets:	
Non-depreciable	3,432,055
Depreciable, net of accumulated depreciation	<u>27,079,316</u>
Total Assets	<u>83,251,229</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	164,571
Pension and OPEB	<u>7,942,143</u>
Total Deferred Outflows of Resources	<u>8,106,714</u>
Liabilities:	
Accounts payable	395,436
Accrued wages and benefits payable	3,285,578
Intergovernmental payable	595,880
Accrued interest payable	41,398
Unearned revenue	45,772
Long Term Liabilities:	
Due within one year	2,688,457
Due in more than one year	
Net OPEB liability	1,839,372
Net pension liability	28,915,436
Other amounts due in more than one year	<u>23,025,306</u>
Total Liabilities	<u>60,832,635</u>
Deferred Inflows of Resources:	
Property taxes not levied to finance current fiscal year operations	26,551,363
Pension and OPEB	<u>6,195,294</u>
Total Deferred Inflows of Resources	<u>32,746,657</u>
Net Position:	
Net investment in capital assets	6,888,768
Restricted for:	
Pension benefits payments	2,067,567
Debt service	1,687,410
Capital projects	634,660
Food service program	292,381
Student activities	121,895
Other purposes	4,300
Unrestricted	<u>(13,918,330)</u>
Total Net Position	<u>\$ (2,221,349)</u>

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for services & sales	Operating grants and contributions	Capital grants and contributions		
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 12,046,053	\$ 967,117	\$ 43,593	\$ -	\$ (11,035,343)	
Special	7,145,912	-	722,849	-	(6,423,063)	
Vocational	2,900	-	-	-	(2,900)	
Support Services:						
Pupils	2,694,030	10,984	631,978	-	(2,051,068)	
Instructional staff	1,454,470	-	115,095	-	(1,339,375)	
Board of education	329,933	-	-	-	(329,933)	
Administration	2,450,754	-	-	-	(2,450,754)	
Fiscal	750,007	-	-	-	(750,007)	
Business	86,541	-	-	-	(86,541)	
Operation and maintenance of plant	3,044,725	108,811	-	-	(2,935,914)	
Pupil transportation	2,341,945	75,874	-	-	(2,266,071)	
Central	187,114	-	-	-	(187,114)	
Operation of non-instructional services	1,143,104	678,966	498,084	-	33,946	
Extracurricular activities	2,305,991	1,267,446	37,266	75,000	(926,279)	
Interest and fiscal charges	600,566	-	-	-	(600,566)	
Unallocated depreciation *	1,657,653	-	-	-	(1,657,653)	
 Total Governmental Activities	 <u>\$ 38,241,698</u>	 <u>\$ 3,109,198</u>	 <u>\$ 2,048,865</u>	 <u>\$ 75,000</u>	 <u>(33,008,635)</u>	

*General Revenues:*

Property taxes levied for:	
General purposes	25,027,465
Debt service	2,601,528
Capital outlay	822,611
Payment in lieu of taxes	716,251
Grants and entitlements not restricted to Specific Programs	9,535,114
Investment earnings	1,056,485
Miscellaneous	33,535
 Total General Revenues	 <u>39,792,989</u>
 Changes in net position	 <u>6,784,354</u>
 Net position at beginning of year	 <u>(9,005,703)</u>
 Net position at end of year	 <u>\$ (2,221,349)</u>

\* - This amount excludes the depreciation that is included in the direct expense of the various functions.

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General Fund	Bond Retirement	Permanent Improvement	Non-major Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and cash equivalents	\$ 18,750,037	\$ 1,520,230	\$ 599,837	\$ 775,536	\$ 21,645,640
Receivables:					
Taxes	25,319,967	2,632,886	830,067	-	28,782,920
Accounts	99,988	-	-	-	99,988
Intergovernmental	-	-	-	106,325	106,325
Prepaid items	37,418	-	-	-	37,418
Total Assets	<u>\$ 44,207,410</u>	<u>\$ 4,153,116</u>	<u>\$ 1,429,904</u>	<u>\$ 881,861</u>	<u>\$ 50,672,291</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
Liabilities:					
Accounts payable	\$ 86,059	\$ -	\$ -	\$ 309,377	\$ 395,436
Accrued wages and benefits payable	3,180,943	-	-	104,635	3,285,578
Intergovernmental payable	592,379	-	-	3,501	595,880
Unearned Revenue	-	-	-	45,772	45,772
Total Liabilities	<u>3,859,381</u>	<u>-</u>	<u>-</u>	<u>463,285</u>	<u>4,322,666</u>
Deferred Inflows of Resources:					
Property taxes not levied to finance current fiscal year operations	23,331,486	2,456,138	763,739	-	26,551,363
Unavailable revenue	44,081	4,420	1,479	59,623	109,603
Total Deferred Inflows of Resources	<u>23,375,567</u>	<u>2,460,558</u>	<u>765,218</u>	<u>59,623</u>	<u>26,660,966</u>
Fund Balances:					
Nonspendable	37,418	-	-	-	37,418
Restricted	-	1,692,558	664,686	418,486	2,775,730
Assigned	788,033	-	-	-	788,033
Unassigned	16,147,011	-	-	(59,533)	16,087,478
Total Fund Balances	<u>16,972,462</u>	<u>1,692,558</u>	<u>664,686</u>	<u>358,953</u>	<u>19,688,659</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 44,207,410</u></u>	<u><u>\$ 4,153,116</u></u>	<u><u>\$ 1,429,904</u></u>	<u><u>\$ 881,861</u></u>	<u><u>\$ 50,672,291</u></u>

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2024**

Total Governmental Fund Balances: \$ 19,688,659

*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 30,511,371

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable deferred inflows of resources in the balance sheet of governmental funds

Delinquent property taxes	49,980
Intergovernmental grants	<u>59,623</u>
Total	109,603

Long-term liabilities which are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds	(20,080,000)
Energy conservation bonds	(200,000)
Financed purchase	(1,445,000)
Accrued interest payable	(41,398)
Unamortized bond premium	(2,062,174)
Deferred charge on refunding	164,571
Compensated absences	<u>(1,926,589)</u>
Total	(25,590,590)

The net pension liability, as well as the OPEB asset and liability, are not current resources; therefore, these assets, liabilities, and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB asset	2,067,567
Deferred outflows - pension and OPEB	7,942,143
Deferred inflows - pension and OPEB	(6,195,294)
Net OPEB liability	(1,839,372)
Net pension liability	<u>(28,915,436)</u>
Total	<u>(26,940,392)</u>

Net Position of Governmental Activities \$ (2,221,349)

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General Fund	Bond Retirement	Permanent Improvement	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 25,050,864	\$ 2,604,333	\$ 823,414	\$ -	\$ 28,478,611
Payments in lieu of taxes	716,251	-	-	-	716,251
Intergovernmental	9,110,203	328,577	96,334	1,963,598	11,498,712
Interest	1,039,989	-	-	16,496	1,056,485
Tuition and fees	1,045,503	-	-	121,078	1,166,581
Rentals	107,086	-	-	2,250	109,336
Charges for Services	34	-	-	678,966	679,000
Gifts and donations	25,021	-	75,000	623	100,644
Extracurricular activities	75,301	-	-	799,280	874,581
Miscellaneous	293,150	-	-	20,085	313,235
<b>Total Revenues</b>	<b>37,463,402</b>	<b>2,932,910</b>	<b>994,748</b>	<b>3,602,376</b>	<b>44,993,436</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	12,680,741	-	22,049	6,631	12,709,421
Special	6,399,922	-	-	742,186	7,142,108
Support Services:					
Pupils	2,108,733	-	-	624,495	2,733,228
Instructional staff	1,356,113	-	-	121,175	1,477,288
Board of education	295,981	-	-	-	295,981
Administration	2,640,207	-	-	-	2,640,207
Fiscal	747,861	25,444	7,903	-	781,208
Business	102,778	-	-	-	102,778
Operation and maintenance of plant	2,972,767	-	42,157	-	3,014,924
Pupil transportation	2,719,772	-	20,013	-	2,739,785
Central	187,114	-	-	-	187,114
Operation of non-instructional services	3,622	-	-	1,140,755	1,144,377
Extracurricular activities	974,938	-	391,958	1,204,541	2,571,437
Debt Service:					
Principal retirement	448,000	1,890,000	-	-	2,338,000
Interest and fiscal charges	42,339	890,850	35,536	-	968,725
<b>Total Expenditures</b>	<b>33,680,888</b>	<b>2,806,294</b>	<b>519,616</b>	<b>3,839,783</b>	<b>40,846,581</b>
<b>Net Change in Fund Balance</b>	<b>3,782,514</b>	<b>126,616</b>	<b>475,132</b>	<b>(237,407)</b>	<b>4,146,855</b>
<b>Fund Balance at beginning of year</b>	<b>13,189,948</b>	<b>1,565,942</b>	<b>189,554</b>	<b>596,360</b>	<b>15,541,804</b>
<b>Fund Balance at end of year</b>	<b>\$ 16,972,462</b>	<b>\$ 1,692,558</b>	<b>\$ 664,686</b>	<b>\$ 358,953</b>	<b>\$ 19,688,659</b>

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 4,146,855

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following is a summary of the activity associated with capital assets.

Capital asset additions	953,801
Current year depreciation	<u>(2,259,443)</u>
Total	(1,305,642)

Long term receivables that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes	(27,007)
Intergovernmental grants	<u>59,623</u>
Total	32,616

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on general obligation bonds	1,890,000
Principal payments on energy conservation bonds	195,000
Principal payments on financed purchase	<u>253,000</u>
Total	2,338,000

Some expenses reported in the statement of activities, such as compensated absences and various components of the issuance of debt, do not require the use of current financial resources and therefore are not reported as expenditures within the funds.

Compensated absences payable	115,402
Accrued interest payable	6,494
Amortization of bond premium	392,199
Amortization of deferred charge on refunding	<u>(30,534)</u>
Total	483,561

Contractually required contributions to pension and OPEB plans are reported as expenditures in governmental funds. However, the statement of activities reports these amounts as deferred outflows.

Pension employer contributions	2,744,232
OPEB employer contributions	<u>75,339</u>
Total	2,819,571

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are included within functional expenses in the statement of activities.

Pension expense	(1,923,142)
OPEB expense - negative expense	<u>192,535</u>
Total	<u>(1,730,607)</u>

Change in Net Position of Governmental Activities \$ 6,784,354

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Property and Other Local Taxes	\$ 24,788,000	\$ 24,788,000	\$ 24,337,382	\$ (450,618)
Intergovernmental	9,022,000	9,022,000	9,110,203	88,203
Interest	325,000	890,000	1,034,968	144,968
Tuition and Fees	1,106,000	1,106,000	1,046,475	(59,525)
Rent	100,000	100,000	107,086	7,086
Payments in Lieu of Taxes	550,000	550,000	716,251	166,251
Miscellaneous	<u>130,000</u>	<u>130,000</u>	<u>152,282</u>	<u>22,282</u>
<b>Total Revenues</b>	<u>36,021,000</u>	<u>36,586,000</u>	<u>36,504,647</u>	<u>(81,353)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	13,422,420	13,722,420	12,747,066	975,354
Special	6,489,750	6,489,750	6,403,986	85,764
Support Services:				
Pupils	1,790,550	1,790,550	2,181,508	(390,958)
Instructional staff	1,274,953	1,276,953	1,366,596	(89,643)
Board of education	224,808	224,808	304,734	(79,926)
Administration	2,517,600	2,517,600	2,570,487	(52,887)
Fiscal	814,000	814,000	790,998	23,002
Business	106,000	106,000	101,339	4,661
Operation and maintenance of plant	3,144,349	3,144,348	3,400,042	(255,694)
Pupil transportation	2,157,629	2,707,629	2,718,484	(10,855)
Central	184,290	184,290	174,735	9,555
Operation of non-instructional services	4,000	4,000	3,385	615
Extracurricular activities	1,066,000	1,066,000	809,679	256,321
Capital outlay	<u>200,801</u>	<u>200,801</u>	<u>490,339</u>	<u>(289,538)</u>
<b>Total Expenditures</b>	<u>33,397,150</u>	<u>34,249,149</u>	<u>34,063,378</u>	<u>185,771</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>2,623,850</u>	<u>2,336,851</u>	<u>2,441,269</u>	<u>104,418</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	-	-	6,661	6,661
Proceeds from Sale of Capital Assets	10,000	10,000	247	(9,753)
Refund of Prior Year Expenditures	10,000	10,000	1,004	(8,996)
Advances Out	<u>(125,000)</u>	<u>(123,000)</u>	<u>(6,661)</u>	<u>116,339</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(105,000)</u>	<u>(103,000)</u>	<u>1,251</u>	<u>104,251</u>
<b>Net Change in Fund Balance</b>	<u>2,518,850</u>	<u>2,233,851</u>	<u>2,442,520</u>	<u>208,669</u>
<b>Fund Balance at Beginning of Year</b>	<u>15,166,370</u>	<u>15,166,370</u>	<u>15,166,370</u>	<u>-</u>
<b>Prior Year Encumbrances Appropriated</b>	<u>243,021</u>	<u>243,021</u>	<u>243,021</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 17,928,241</u></u>	<u><u>\$ 17,643,242</u></u>	<u><u>\$ 17,851,911</u></u>	<u><u>\$ 208,669</u></u>

See accompanying notes to the basic financial statements.

## **BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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### **NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Bellbrook-Sugarcreek Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The first official body designated as the Bellbrook-Sugarcreek Local School District was formed sometime prior to 1930.

The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the District's instructional/support facilities staffed by a full-time equivalent staff of 283 FTE employees who provide services to 2,828 students and other community members.

#### Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds and departments, not legally separate from the School District, which provide various services including instruction, student guidance, extracurricular activities, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing body and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations for which the School District approves the budget, the issuance of debt or the levying of taxes. Based on that criteria, the School District does not have any component units.

The District is associated with four organizations, which are defined as jointly governed. These organizations include the Miami Valley Educational Computer Association, the Southwestern Ohio Educational Purchasing Cooperative, the Greene County Career Center, and the Bellbrook/Sugarcreek Education Foundation. These organizations are presented in Note 14 to the basic financial statements.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Bellbrook-Sugarcreek Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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### ***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

#### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds, if any.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services from one fund or function to another where the elimination of these payments would distort the direct costs and program revenues reported for the various functions concerned.

#### Fund Financial Statements

During the year, the School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds, if any, are reported by fund type.

### ***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the School District funds are grouped into the governmental category.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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### Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund – The Bond Retirement Fund is used to account for the accumulation of resources for, and the repayment of, the School District's general obligation debt, including the general obligations bonds approved by voters within the School District's boundaries.

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for financial resources, specifically property and other local taxes generated by the School District's permanent improvement levy, to be used to maintain the School District's facilities, as well as provide for major equipment and instructional material purchases.

The other governmental funds of the School District account for grants and other resources, and capital projects of the School District whose uses are restricted to a particular purpose.

### ***C. Measurement Focus***

#### Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position.

#### Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and liabilities, as well as deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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### ***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed to be both measurable and available: property taxes available as an advance, tuition, student fees, and certain intergovernmental reimbursements.

The measurement focus of the accrual basis of accounting utilized on the government-wide financial statements recognizes revenues when they are earned, and expenses are recognized at the time they are incurred.

In governmental fund accounting the measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the bond retirement fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employee. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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### ***E. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 10 and 11.

In addition to liabilities, the statement of net financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance the subsequent fiscal year operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grant funding. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 10 and 11).

### ***F. Budget Data***

With the exception of the custodial funds, all funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board has established the legal level of control at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2024.

The appropriation resolution is subject to amendment by the Board throughout the school year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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### ***G. Cash, Cash Equivalents, and Investments***

The School District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund's portion of this pool is displayed in the financial statements as equity in pooled cash and cash equivalents. The monies are either maintained in a central bank account or used to purchase legal investments.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The Ohio Revised Code authorizes the School District to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker's acceptances; commercial paper notes rated prime and issued by United States Corporations; and STAROhio.

The School District has allocated interest according to Ohio statutes. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$1,039,989 which includes the General Fund's allocation as well as the \$137,797 of interest earned by all funds not specified in the Board's resolution.

### ***H. Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### ***I. Capital Assets and Depreciation***

General capital assets generally result from expenditures in the governmental funds. These assets are reported within the governmental activities on the government-wide statement of net position but are not reported in the fund statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8-13 years

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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### ***J. Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources and uses in governmental funds. Transfers within governmental activities are eliminated on the statement of activities. Reimbursements from one fund to another for particular expenditure(s) are not presented on the financial statements.

### ***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the vesting method which states that the School District will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated sick leave for all employees after ten years of current service with the School District.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that has matured (i.e. payable for payment during the current year for employees who have applied for severance payment during the fiscal year, but have not received payment at year-end). These amounts, if any, are recorded in the account "matured compensated absences" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported in the governmental fund statements.

### ***L. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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### ***M. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension and OPEB assets, liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the retirement systems and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

### ***N. Net Position***

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. At June 30, 2024 the School District did not have any portion of net position restricted by enabling legislation.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### ***O. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Nonspendable** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District’s governing board. Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District’s governing board.

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## **NOTE 3 – FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total
<b>Nonspendable</b>					
Prepaid Items	\$ 37,418	\$ -	\$ -	\$ -	\$ 37,418
<b>Restricted</b>					
Debt Service	- -	1,692,558	- -	- -	1,692,558
Capital Improvements	- -	- -	664,686	- -	664,686
Student Activities	- -	- -	- -	121,895	121,895
Food Service Operations	- -	- -	- -	292,381	292,381
State and Federal Grants	- -	- -	- -	4,300	4,300
<b>Total Restricted</b>	<u>- -</u>	<u>1,692,558</u>	<u>664,686</u>	<u>418,576</u>	<u>2,775,820</u>
<b>Assigned</b>					
School Activities	261,220	- -	- -	- -	261,220
Subsequent Expenditures	526,813	- -	- -	- -	526,813
<b>Total Assigned</b>	<u>788,033</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>788,033</u>
<b>Unassigned</b>	<u>16,147,011</u>	<u>- -</u>	<u>- -</u>	<u>(59,623)</u>	<u>16,087,388</u>
<b>Total Fund Balances</b>	<u><u>\$ 16,972,462</u></u>	<u><u>\$ 1,692,558</u></u>	<u><u>\$ 664,686</u></u>	<u><u>\$ 358,953</u></u>	<u><u>\$ 19,688,659</u></u>

## **NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).
4. Some Other Financing Sources and Uses are reported on the budgetary basis based on required chart of accounts but do not meet the criteria to be reported within that section on a GAAP basis.
5. For GAAP reporting purposes, certain funds which are budgeted separately from the general fund, are reported as part of the general fund on the GAAP basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
<u>General Fund</u>	
GAAP Basis	\$ 3,782,514
Revenue Accruals	(718,782)
Expenditure Accruals	26,737
Encumbrances	(603,538)
Other Financing Sources	1,251
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>(45,662)</u>
Budget Basis	<u>\$ 2,442,520</u>

**NOTE 5 – CASH AND CASH EQUIVALENTS**

State statutes require the classification of monies held by the School District into three categories.

Active Monies – Those monies required to be kept in “cash” or “near-cash” accounts for the immediate use of the District. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities.

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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## Deposits

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. The School District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end, the carrying amount of the School District's deposits was \$3,775,998 and the bank balance was \$3,833,357. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$3,583,357 was not exposed to custodial risk because it was secured by collateral pools of U.S. government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held, as permitted by Ohio law described above.

## Investments

As of June 30, 2024, the School District's investments consisted of the following:

Investment Type	Measurement Value	Weighted		Percent of Portfolio	Rating *
		Maturities in Years	Portfolio		
Commercial Paper	\$ 636,437	0.38	3.56%	A-1/A-1+	
Negotiable CDs	3,854,941	1.24	21.57%	N/A	
U.S. Treasuries	361,698	4.28	2.03%		
Federal Agency	1,267,260	1.60	7.09%	AA+	
Money Market	298,985	0.00	1.67%	N/A	
Star Ohio	<u>11,450,321</u>	0.00	64.08%	AAAm	
Total	<u>\$ 17,869,642</u>	0.96			

\* - as rated by Standard & Poor's rating services

The School District's investment policy permits the purchase of any security specifically authorized by the Ohio Revised Code (the ORC) and includes the following:

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment maturities to five years or less.

*Credit Risk* – The School District has no policy limiting investments based on credit risk other than those established in the ORC. Credit risk of the School District's investments are identified in the table above. Of the \$636,437 investment in commercial paper, \$193,197 was rated A-1+ by Standard and Poor's.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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*Custodial Credit Risk* – All investments shall be issued in the name of the School District.

*Concentration of Credit Risk* – Diversification shall ensure potential losses on individual securities do not exceed the income generated from the remainder of the initial investment.

### Fair Value Measurement

The School District's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly, or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The School District's investments in Money Market Funds and STAR Ohio are not reported by category as they are reported at amortized cost and net asset value, respectively, instead of at fair value. The remaining investments of the School District are classified in Level 2 of the fair value hierarchy are valued using matrix pricing sources as provided by the investment managers.

### **NOTE 6 - RECEIVABLES**

Receivables at June 30, 2024 consisted of current and delinquent property taxes, intergovernmental grants, as well as accounts (student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

### **NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received during calendar year 2024 were levied after April 1, 2023 on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collection of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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The assessed values upon which the fiscal year 2024 taxes were collected are as follows:

	<u>2024 First Half Collections</u>	<u>2023 Second Half Collections</u>
Agricultural/residential		
And other real estate	\$ 851,622,490	\$ 668,568,860
Public utility personal	<u>27,124,220</u>	<u>23,533,480</u>
Total	<u><u>\$ 878,746,710</u></u>	<u><u>\$ 692,102,340</u></u>

The School District receives property taxes from Greene and Warren Counties. The Greene County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024 are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Property taxes receivable represents real property and public utility property taxes that are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the portion of real property taxes available as an advance at June 30 was levied to finance current year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, it is reported as deferred inflows of resources – unavailable revenue.

### **NOTE 8 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2024 the School District contracted with Gallagher Inc. for building and business property insurance. This policy has a limit of insurance in the amount of \$350 million for property and a \$5,000 deductible. Boiler and Crime are included in the policy. Fleet insurance has a \$1 million limit of liability per occurrence. General liability insurance is under Brit Global Specialty USA and has a \$1 million per occurrence and \$4 million aggregate limitation. School board legal liability and employment practices liability is provided by Berkley Assurance Company which have \$1 million limit for each loss as well as an aggregate which has a variable deductible. The Treasurer is bonded separately. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (EPC). The cooperative contracts with Hunter, Inc. to provide administrative and TPA services for the EPC sponsored workers compensation group rating pool. The intent of the pool is to achieve the benefit of a reduced premium for the School District by pooling its claim experience with other districts with similar loss ratios. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the pool. Each participant pays its workers compensation premium to the State based on the rate for the pool rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement ensures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Hunter, Inc. provides administrative, cost control and actuarial services to the EPC.

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
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The School District has elected to provide employee medical benefits through Anthem PPO. The board picks up eighty percent of the monthly premium for all employees. Classified employees working less than seven hours a day, and certified employees working less than seven and a half hours a day, pay a prorated share of the monthly premium based on the number of hours worked. Dental benefits are provided through Delta Dental with the Board picking-up the total cost for employees that work seven hours a day or more. The School District provides life insurance to employees through UNUM.

## **NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 3,432,055	\$ -	\$ -	\$ 3,432,055
<i><u>Capital Assets, being depreciated</u></i>				
Land Improvements	5,383,119	386,800	-	5,769,919
Buildings and Improvements	61,821,222	-	-	61,821,222
Furniture and Equipment	2,319,174	-	-	2,319,174
Vehicles	3,277,080	567,001	-	3,844,081
	<u>72,800,595</u>	<u>953,801</u>	<u>-</u>	<u>73,754,396</u>
<i><u>Less: Accumulated Depreciation</u></i>				
Land Improvements	(4,133,018)	(207,380)	-	(4,340,398)
Buildings and Improvements	(36,148,916)	(1,656,613)	-	(37,805,529)
Furniture and Equipment	(1,998,719)	(168,725)	-	(2,167,444)
Vehicles	(2,134,984)	(226,725)	-	(2,361,709)
	<u>(44,415,637)</u>	<u>(2,259,443)</u> *	<u>-</u>	<u>(46,675,080)</u>
<b>Depreciable Capital Assets, Net</b>	<b>28,384,958</b>	<b>(1,305,642)</b>	<b>-</b>	<b>27,079,316</b>
<b>Total Capital Assets, Net</b>	<b><u>\$ 31,817,013</u></b>	<b><u>\$ (1,305,642)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 30,511,371</u></b>

\* - Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 93,583
Vocational	2,900
<b>Support Services:</b>	
Pupils	4,151
Instructional staff	10,362
Board of Education	34,540
Administration	19,675
Operation and maintenance of plant	50,860
Pupil transportation	240,557
Extracurricular activities	145,162
Unallocated depreciation	<u>1,657,653</u>
<b>Total Depreciation Expense</b>	<b><u>\$ 2,259,443</u></b>

Unallocated depreciation is depreciation of the individual school buildings throughout the School District which essentially serve all functions/programs, and therefore is not included as a direct expense of any function or program but disclosed as a separate expense.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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### **NOTE 10 - DEFINED BENEFIT PENSION PLANS**

#### ***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the way pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

#### ***School Employees Retirement System (SERS)***

**Plan Description** – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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Age and service requirements for retirement are as follows:

	Eligible to retire on or before August 1, 2017 **	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

\*\* - Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first 30 years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

**Funding Policy** – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund). The School District’s contractually required contribution to SERS was \$647,243 for fiscal year 2024. Of this amount, \$97,235 is reported as an intergovernmental payable.

### ***Plan Description - State Teachers Retirement System (STRS)***

**Plan Description** – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to July 1, 2028, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2028, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates. The School District's contractually required contribution to STRS was \$2,096,989 for fiscal year 2024. Of this amount, \$375,390 is reported as an intergovernmental payable.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions***

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. The following is information related to the proportionate share and pension expense:

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
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	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 6,021,790	\$ 22,893,646	\$ 28,915,436
Proportion of the net pension liability	0.108982%	0.106309%	
Change in proportionate share	0.006659%	0.004347%	
Pension expense	\$ 666,575	\$ 1,256,567	\$ 1,923,142

At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	SERS	STRS	Total
<b><u>Deferred Outflows of Resources:</u></b>			
Differences between expected and actual experience	\$ 258,830	\$ 834,654	\$ 1,093,484
Change in assumptions	42,655	1,885,416	1,928,071
Difference between employer contributions and proportionate share of contributions	262,770	716,394	979,164
School District contributions subsequent to the measurement date	<u>647,243</u>	<u>2,096,989</u>	<u>2,744,232</u>
<b>Total</b>	<b><u>\$ 1,211,498</u></b>	<b><u>\$ 5,533,453</u></b>	<b><u>\$ 6,744,951</u></b>
<b><u>Deferred Inflows of Resources:</u></b>			
Differences between expected and actual experience	\$ -	\$ 50,802	\$ 50,802
Net difference between projected and actual earnings on pension plan investments	84,641	68,613	153,254
Change in assumptions	-	1,419,176	1,419,176
Difference between employer contributions and proportionate share of contributions	-	1,274,722	1,274,722
<b>Total</b>	<b><u>\$ 84,641</u></b>	<b><u>\$ 2,813,313</u></b>	<b><u>\$ 2,897,954</u></b>

\$2,744,232 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2025	\$ 146,657	\$ (691,323)	\$ (544,666)
2026	(129,641)	(1,194,923)	(1,324,564)
2027	458,112	2,453,067	2,911,179
2028	<u>4,486</u>	<u>56,330</u>	<u>60,816</u>
	<b><u>\$ 479,614</u></b>	<b><u>\$ 623,151</u></b>	<b><u>\$ 1,102,765</u></b>

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
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## *Actuarial Assumptions – SERS*

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

### Inflation:

Current measurement period	2.40 percent
Prior measurement period	2.40 percent
Future salary increases, including inflation	
Current measurement period	3.25 percent to 13.58 percent
Prior measurement period	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	
Current measurement period	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Prior measurement period	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Investment rate of return	
Current measurement period	7.00 percent net of investment expense, including inflation
Prior measurement period	7.00 percent net of investment expense, including inflation
Actuarial cost method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

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table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US equity	24.75%	4.82%
Non-US equity developed	13.50%	5.19%
Non-US equity emerging	6.75%	5.98%
Fixed income/global bonds	19.00%	2.24%
Private equity	12.00%	7.49%
Real estate/real assets	17.00%	3.70%
Private debt/private credit	<u>5.00%</u>	5.64%
Total	<u>100.00%</u>	

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%), or one percentage point higher (8.0%) than the current rate.

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 8,887,854	\$ 6,021,790	\$ 3,607,677

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

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Notes to the Basic Financial Statements  
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## ***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Inflation:**

Current measurement period	2.50%
Prior measurement period	2.50%

**Salary increases:**

Current measurement period	Varies by service from 2.5% to 8.5%
Prior measurement period	Varies by service from 2.5% to 8.5%

**Payroll increases**

Current measurement period	3.00%
Prior measurement period	3.00%

**Investment rate of return, including inflation:**

Current measurement period	7.00%, net of investment expenses
Prior measurement period	7.00%, net of investment expenses

**Discount rate of return**

Current measurement period	7.00%
Prior measurement period	7.00%

Cost-of-living adjustments (COLA)	0.00%
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For healthy retirees, the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table, adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	<u>1.00%</u>	1.00%
Total	<u>100.00%</u>	

\* Final target weights reflected at October 1, 2022.

\*\* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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**Discount Rate** – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.0%) or one-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 35,205,363	\$ 22,893,646	\$ 12,481,305

## **NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS**

### ***Net OPEB Liability (Asset)***

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability or fully-funded benefits as a long-term net OPEB asset on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

### ***Plan Description - School Employees Retirement System (SERS)***

*Health Care Plan Description* - SERS' Health Care program provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986 need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

*Funding Policy*—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, the minimum compensation amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$75,339.

### ***Plan Description - State Teachers Retirement System (STRS)***

*Plan Description* - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing, multiple-employer health care plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan. Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

*Funding Policy* - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, no employer allocation was made to the health care fund.

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## ***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate share of the net OPEB asset	\$ -	\$ 2,067,567	\$ 2,067,567
Proportionate share of the net OPEB liability	1,839,372	-	1,839,372
Proportion of the net OPEB asset/liability	0.111650%	0.106309%	
Change in proportionate share	0.007297%	0.004347%	
OPEB (negative) expense	\$ (126,436)	\$ (66,099)	\$ (192,535)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b><u>Deferred Outflows of Resources:</u></b>			
Differences between expected and actual experience	\$ 3,832	\$ 3,221	\$ 7,053
Net difference between projected and actual earnings on OPEB plan investments	14,257	3,691	17,948
Change in assumptions	621,947	304,583	926,530
Difference between employer contributions and proportionate share of contributions	127,194	43,128	170,322
School District contributions subsequent to the measurement date	75,339	-	75,339
<b>Total</b>	<b><u>\$ 842,569</u></b>	<b><u>\$ 354,623</u></b>	<b><u>\$ 1,197,192</u></b>
<b><u>Deferred Inflows of Resources:</u></b>			
Differences between expected and actual experience	\$ 948,634	\$ 315,355	\$ 1,263,989
Change in assumptions	522,400	1,364,151	1,886,551
Difference between employer contributions and proportionate share of contributions	117,178	29,622	146,800
<b>Total</b>	<b><u>\$ 1,588,212</u></b>	<b><u>\$ 1,709,128</u></b>	<b><u>\$ 3,297,340</u></b>

\$75,339 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (305,268)	\$ (570,884)	\$ (876,152)
2026	(270,241)	(284,414)	(554,655)
2027	(151,694)	(110,085)	(261,779)
2028	(83,070)	(147,670)	(230,740)
2029	(54,344)	(134,674)	(189,018)
2030-2033	<u>43,635</u>	<u>(106,778)</u>	<u>(63,143)</u>
	<u><u>\$ (820,982)</u></u>	<u><u>\$ (1,354,505)</u></u>	<u><u>\$ (2,175,487)</u></u>

### *Actuarial Assumptions – SERS*

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

Investment rate of return:	
Current measurement date	7.00% of net investment expense, including inflation
Prior measurement date	7.00% of net investment expense, including inflation
Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%

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Single equivalent interest rate, net of plan investment expense:	
Current measurement date	4.27%, including price inflation
Prior measurement date	4.08%, including price inflation
Medical Trend Assumption:	
Current measurement date	6.75% - 4.40%
Prior measurement date	7.00% - 4.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US equity	24.75%	4.82%
Non-US equity developed	13.50%	5.19%
Non-US equity emerging	6.75%	5.98%
Fixed income/global bonds	19.00%	2.24%
Private equity	12.00%	7.49%
Real estate/real assets	17.00%	3.70%
Private debt/private credit	<u>5.00%</u>	5.64%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2048 and the Municipal Bond Index rate of 3.86% as

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of June 30, 2023 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates*** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%) and one percentage point higher (5.27%) than the current rate.

	1% Decrease (3.27%)	Current (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$ 2,351,244	\$ 1,839,372	\$ 1,435,741

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (5.75% decreasing to 3.40%) and one percentage point higher (7.75% decreasing to 5.40%) than the current rates.

	1% Decrease (5.75% decreasing to 3.40%)	Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$ 1,351,323	\$ 1,839,372	\$ 2,486,104

## ***Actuarial Assumptions - STRS***

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	
Current measurement date	Varies by service from 2.5% to 8.5%
Prior measurement date	Varies by service from 2.5% to 8.5%
Payroll increases:	
Current measurement date	3.00%
Prior measurement date	3.00%
Investment rate of return:	
Current measurement date	7.00%, net of investment expenses, including inflation
Prior measurement date	7.00%, net of investment expenses, including inflation
Discount rate of return:	
Current measurement date	7.00%
Prior measurement date	7.00%

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Health care cost trends:	Current Measurement		Prior Measurement	
	Initial	Ultimate	Initial	Ultimate
Medical:				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

For healthy retirees, the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table, adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	<u>1.00%</u>	1.00%
Total	<u>100.00%</u>	

\* Final target weights reflected at October 1, 2022.

\*\* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates** – The following table presents the School District's proportionate share of the net OPEB asset calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$ 1,749,927	\$ 2,067,567	\$ 2,344,203
	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
School District's proportionate share of the net OPEB asset	\$ 2,357,039	\$ 2,067,567	\$ 1,718,908

## NOTE 12 - LONG-TERM OBLIGATIONS

Activity of the School District's long-term obligations at June 30, 2024 was as follows:

	Balance 6/30/2023	Increases	Decrease	Balance 6/30/2024	Due within One Year
<b>General Obligation Bonds:</b>					
2016 Refunding Bonds:					
Current Interest 2.0%-5.0%	\$ 21,970,000	\$ -	\$ (1,890,000)	\$ 20,080,000	\$ 2,065,000
Unamortized Bond Premium	2,454,373	-	(392,199)	2,062,174	-
Total General Obligation Bonds	24,424,373	-	(2,282,199)	22,142,174	2,065,000
2015 Energy Conservation Bonds:					
Current Interest 1.95%	395,000	-	(195,000)	200,000	200,000
Financed Purchase	1,698,000	-	(253,000)	1,445,000	173,000
Compensated Absences	2,041,991	265,459	(380,861)	1,926,589	250,457
Net Pension Liability:					
SERS	5,534,443	487,347	-	6,021,790	-
STRS	22,666,304	227,342	-	22,893,646	-
Net OPEB Liability:					
SERS	1,465,134	374,238	-	1,839,372	-
Total Long-Term Obligations	<u>\$ 58,225,245</u>	<u>\$ 1,354,386</u>	<u>\$ (3,111,060)</u>	<u>\$ 56,468,571</u>	<u>\$ 2,688,457</u>

### General Obligation Bonds

The School District's general obligation bond issues will be paid through the bond retirement fund from property taxes collected by the County Auditor. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. All General obligation bonds outstanding were issued for the construction of school facilities or to advance refund previously issued school construction bonds. The School District issued general obligation debt for the following purposes:

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- In September 2016, the School District issued \$27,985,000 of general obligation bonds to finance the advance refunding of \$31,845,000 of 2006 general obligation refunding bonds at the call date of December 1, 2016. This refunding was undertaken to reduce total debt service by \$6,936,396 over the next sixteen years and resulted in an economic gain of \$5,683,092. The 2016 current interest bonds will fully mature on December 1, 2031 and carry an interest rate of 2.0% to 5.0%.
- In January 2015, the School District issued \$1,830,000 of energy conservation improvement bonds to finance various energy conservation projects within the School District's facilities. These bonds fully mature on December 1, 2024 and carry an interest rate of 1.95 percent.

Principal and interest requirements to retire the School District's long-term general obligation bonds outstanding at June 30, 2024 are as follows:

Fiscal Year <u>Ended June 30,</u>	General Obligation Bonds		Energy Conservation Bonds		Total Bonds
	Principal	Interest	Principal	Interest	
2025	\$ 2,065,000	\$ 791,975	\$ 200,000	\$ 1,950	\$ 3,058,925
2026	2,170,000	686,100	-	-	2,856,100
2027	2,285,000	574,725	-	-	2,859,725
2028	2,480,000	480,400	-	-	2,960,400
2029	2,565,000	391,900	-	-	2,956,900
2030-2032	<u>8,515,000</u>	<u>523,500</u>	<u>-</u>	<u>-</u>	<u>9,038,500</u>
Total	<u>\$ 20,080,000</u>	<u>\$ 3,448,600</u>	<u>\$ 200,000</u>	<u>\$ 1,950</u>	<u>\$ 23,730,550</u>

### Direct Borrowing – Financed Purchase

In prior years, the School District entered into a financed purchase agreement to finance the local initiatives related to the school construction and renovation project, renovations of the athletic stadium, as well as the construction of a bus maintenance facility. The payments related to finance purchase payments will be reflected as debt service expenditures in the basic financial statements for the governmental funds.

The capital assets acquired by financed purchase agreement have been capitalized in the statement of net position for governmental activities in the amount of \$5,094,639 (\$1,758,180 of buildings and improvements and \$3,336,459 of land improvements), which is equal to the present value of the minimum finance purchase payments at the time of acquisition. The corresponding liability is split between long-term liabilities due within a year and long-term liabilities due within more than one year on the statement of net position for governmental activities. Principal payments in fiscal year 2024 totaled \$253,000.

The following is a schedule of the future principal and interest required under the financed purchase as of June 30, 2024.

Fiscal Year <u>Ended June 30,</u>	Direct Borrowing - Finance Purchase		
	Principal	Interest	Total
2025	\$ 173,000	\$ 63,983	\$ 236,983
2026	180,000	55,410	235,410
2027	189,000	46,448	235,448
2028	197,000	37,075	234,075
2029	65,000	30,803	95,803
2030-2034	<u>373,000</u>	<u>105,423</u>	<u>478,423</u>
2035-2037	<u>268,000</u>	<u>18,690</u>	<u>286,690</u>
Total	<u>\$ 1,445,000</u>	<u>\$ 357,832</u>	<u>\$ 1,802,832</u>

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### Debt Limitations

The School District's voted legal debt margin, as determined under Ohio Revised Code Section was approximately \$60.5 million, energy conservation debt margin was \$7.7 million, and the unvoted debt margin was \$878,747 at June 30, 2024.

### Other Long-Term Obligations

The School District pays obligations related to employee compensation (compensated absences and required pension/OPEB contributions) from the fund benefitting from their service. If there are no available resources within those funds, the obligations will be paid by the general fund. The finance purchase obligations are being repaid with revenues from the permanent improvement capital project fund.

## **NOTE 13 – OTHER EMPLOYEE BENEFITS**

### *Compensated Absences*

#### Accumulated Unpaid Vacation

School District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the School District as a whole amounted to \$92,478 at June 30, 2024.

#### Accumulated Unpaid Sick Leave

School District employees may accumulate sick leave. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of eighty-five (85) days for certified and classified employees. The total obligation for sick leave accrual for the School District as a whole at June 30, 2024 was \$1,834,111.

## **NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS**

### *Miami Valley Educational Computer Association*

The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery, and Ross Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia, Fairborn, Beavercreek and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$173,954 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

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### *Southwestern Ohio Educational Purchasing Cooperative*

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SWOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SWOEPC and to serve as a resource to member districts on matters related to business operations. The SWOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members who include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments. During the current fiscal year, the School District paid SWOEPC \$158,748.

### *Bellbrook/Sugarcreek Education Foundation*

The Bellbrook/Sugarcreek Education Foundation is a community-based, unincorporated, non-profit organization established for the exclusive purposes of promoting the quality of schools and educational programs in the Bellbrook-Sugarcreek Local School District and funding college scholarships for graduates of the Bellbrook-Sugarcreek Local School District. A twelve member Board of Trustees governs the Foundation, consisting of a member of the School Board, a teacher, and ten community members. The Superintendent, Treasurer, and Business Manager of the School District serve as ex-officio (non-voting) members. The Greene County Community Foundation maintains all assets of the Foundation in trust and the Board of Trustees must approve any disbursement of funds.

### *Greene County Career Center*

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 532 Innovation Drive, Xenia, Ohio 45385-9545.

### **NOTE 15 – COMMITMENTS/ENCUMBRANCES**

At year end the School District had the following amounts encumbered for future purchase obligations:

Fund	Year-End Encumbrances
General Fund	\$ 604,369
Permanent Improvement Fund	366,915
Non-major Governmental Funds	<u>189,011</u>
	<u><u>\$ 1,160,295</u></u>

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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### **NOTE 16 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside monies for capital improvements. Amounts not spent by year-end or reduced by offsetting credits must be held in cash at year-end and carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2023	\$ -
Current year set-aside requirement	553,488
Current year offsets	(903,041)
Qualifying Disbursements	<u>(712,725)</u>
Total	<u><u>\$ (1,062,278)</u></u>
Balance Carried Forward to FY 2025	<u><u>\$ -</u></u>
Set-aside balance as of June 30, 2024	<u><u>\$ -</u></u>

The School District had qualifying disbursements during the year that reduced the set-aside below zero for the capital improvement set-aside, however the excess cannot be carried forward to future years.

### **NOTE 17 – CONTINGENCIES**

#### Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

#### Full-Time Equivalency Review

The School District funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the end of the fiscal year. The initial results of the final enrollment reconciliation process for fiscal year 2024 reported by ODE resulted in no significant adjustments to the State funding received by the School District.

#### Litigation

The School District is not currently party to any litigation which management deems significant to its financial position.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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**NOTE 18 – ACCOUNTABILITY**

At June 30, 2024, the following non-major special revenue funds reported deficit fund balances; Elementary and Secondary School Emergency Relief (ESSER) Grant (\$38,083) and Title I Grant (\$21,450). These deficits occurred from the accrual of liabilities and the general fund is liable for these deficits, but only provides transfers when cash is required, not when accruals occur.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net Pension Liability  
and School District Pension Contributions  
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Pension Liability as a Percentage of its Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.107188%	\$ 5,424,724	\$ 3,146,133	172.43%	71.70%	
2016	0.105619%	6,026,728	3,377,511	178.44%	69.16%	
2017	0.106521%	7,796,363	3,308,150	235.67%	62.98%	
2018	0.107252%	6,408,072	3,482,450	184.01%	69.50%	
2019	0.115536%	6,616,936	3,683,215	179.65%	71.36%	
2020	0.107728%	6,445,564	3,695,689	174.41%	70.85%	
2021	0.102230%	6,761,704	3,583,957	188.67%	68.55%	
2022	0.102197%	3,770,766	3,527,571	106.89%	82.86%	
2023	0.102323%	5,534,443	3,822,357	144.79%	75.82%	
2024	0.108982%	6,021,790	4,323,586	139.28%	76.06%	

(1) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 445,156	\$ (445,156)	\$ -	\$ 3,377,511	13.18%
2016	463,141	(463,141)	-	3,308,150	14.00%
2017	487,543	(487,543)	-	3,482,450	14.00%
2018	497,234	(497,234)	-	3,683,215	13.50%
2019	498,918	(498,918)	-	3,695,689	13.50%
2020	501,754	(501,754)	-	3,583,957	14.00%
2021	493,860	(493,860)	-	3,527,571	14.00%
2022	535,130	(535,130)	-	3,822,357	14.00%
2023	605,302	(605,302)	-	4,323,586	14.00%
2024	647,243	(647,243)	-	4,623,164	14.00%

See notes to required supplementary information.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net Pension Liability  
and School District Pension Contributions  
State Teachers Retirement System of Ohio

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Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	Pension Liability as a Percentage of its Covered Payroll	School District's Proportionate Share of the Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.106633%	\$ 25,936,860	\$ 11,733,031	221.06%	74.70%	
2016	0.109520%	30,268,053	11,426,550	264.89%	72.10%	
2017	0.111297%	37,254,411	11,710,571	318.13%	66.80%	
2018	0.112055%	26,618,920	12,319,079	216.08%	75.30%	
2019	0.118970%	26,158,738	13,524,836	193.41%	77.30%	
2020	0.116962%	25,865,455	13,731,800	188.36%	77.40%	
2021	0.115391%	27,920,465	13,925,864	200.49%	75.48%	
2022	0.105030%	13,429,033	12,960,021	103.62%	87.78%	
2023	0.101962%	22,666,304	13,255,557	170.99%	78.90%	
2024	0.106309%	22,893,646	14,359,029	159.44%	80.00%	

(1) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,599,717	\$ (1,599,717)	\$ -	\$ 11,426,550	14.00%
2016	1,639,480	(1,639,480)	-	11,710,571	14.00%
2017	1,724,671	(1,724,671)	-	12,319,079	14.00%
2018	1,893,477	(1,893,477)	-	13,524,836	14.00%
2019	1,922,452	(1,922,452)	-	13,731,800	14.00%
2020	1,949,621	(1,949,621)	-	13,925,864	14.00%
2021	1,814,403	(1,814,403)	-	12,960,021	14.00%
2022	1,855,778	(1,855,778)	-	13,255,557	14.00%
2023	2,010,264	(2,010,264)	-	14,359,029	14.00%
2023	2,096,989	(2,096,989)	-	14,978,493	14.00%

See notes to required supplementary information.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net OPEB Liability  
and School District OPEB Contributions  
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.107026%	\$ 3,050,638	\$ 3,482,450	87.60%	11.49%
2018	0.107737%	2,891,379	3,683,215	78.50%	12.46%
2019	0.115781%	3,212,091	3,695,689	86.91%	13.57%
2020	0.109973%	2,765,589	3,583,957	77.17%	15.57%
2021	0.105296%	2,288,433	3,527,571	64.87%	18.17%
2022	0.104743%	1,982,351	3,822,357	51.86%	24.08%
2023	0.104353%	1,465,134	3,822,357	38.33%	30.34%
2024	0.111650%	1,839,372	4,323,586	42.54%	30.02%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 50,200	\$ (50,200)	\$ -	\$ 3,308,150	1.52%
2017	53,636	(53,636)	-	3,482,450	1.54%
2018	74,618	(74,618)	-	3,683,215	2.03%
2019	83,600	(83,600)	-	3,695,689	2.26%
2020	63,920	(63,920)	-	3,583,957	1.78%
2021	64,356	(64,356)	-	3,527,571	1.82%
2022	66,752	(66,752)	-	3,822,357	1.75%
2023	78,962	(78,962)	-	4,323,586	1.83%
2024	75,339	(75,339)	-	4,623,164	1.63%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) Includes Surcharge.

See notes to required supplementary information.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)

and School District OPEB Contributions

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's OPEB Liability/(Asset) as a Percentage of its Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of the Total OPEB Liability	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.111297%	\$ 5,952,184	\$ 11,710,571	50.83%	37.3%	
2018	0.112055%	4,371,975	12,319,079	35.49%	47.1%	
2019	0.118970%	(1,911,721)	13,524,836	(14.13%)	176.0%	
2020	0.116962%	(1,937,173)	13,731,800	(14.11%)	174.7%	
2021	0.115391%	(2,027,991)	13,925,864	(14.56%)	182.1%	
2022	0.105030%	(2,214,474)	12,960,021	(17.09%)	174.7%	
2023	0.101962%	(2,640,138)	13,255,557	(19.92%)	230.7%	
2024	0.106309%	(2,067,567)	14,359,029	(14.40%)	168.5%	

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ 11,710,571	0.00%
2017	-	-	-	12,319,079	0.00%
2018	-	-	-	13,524,836	0.00%
2019	-	-	-	13,731,800	0.00%
2020	-	-	-	13,925,864	0.00%
2021	-	-	-	12,960,021	0.00%
2022	-	-	-	13,255,557	0.00%
2023	-	-	-	14,359,029	0.00%
2023	-	-	-	14,978,493	0.00%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) STRS allocated the entire 14% employer contribution rate towards pension benefits.

See notes to required supplementary information.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Required Supplementary Information

Notes to Required Supplementary Information

School Employees Retirement System of Ohio

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Notes to Pension Information

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### Changes of Benefit Terms

For measurement period 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

### Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

For measurement period 2023, the cost of living adjustments was increased from 2.00% to 2.50%.

Notes to OPEB Information

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### Changes of Benefit Terms

Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

### Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.

For measurement period 2023, the discount rate changes from 4.08% to 4.27%, health care trend rates were updated, assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%, health care trend assumption on retiree premiums was updated to not apply the trend to the \$35 surcharge, assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility, and morbidity factors were updated based on the society of Actuaries' June 2013 research report, Health Care Costs-From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Required Supplementary Information

Notes to Required Supplementary Information

State Teachers Retirement System of Ohio

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### Notes to Pension Information

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#### Changes of Benefit Terms

For measurement period 2017, the COLA was reduced to zero.

#### Changes of Assumptions

For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

### Notes to OPEB Information

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#### Changes of Benefit Terms

For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Required Supplementary Information

Notes to Required Supplementary Information

State Teachers Retirement System of Ohio

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Notes to OPEB Information (continued)

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For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

For measurement year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

Changes of Assumptions

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capita health care costs were updated.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	N/A	\$112,324	
Cash Assistance				
School Breakfast Program	10.553	N/A	\$38,170	
National School Lunch Program	10.555	N/A	345,528	
Total Child Nutrition Cluster			383,698	112,324
Total U.S. Department of Agriculture			<b>383,698</b>	<b>112,324</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I				
Title I Grants to Local Educational Agencies	84.010	N/A	203,692	
Title I - Expanding Opportunities	84.010	N/A	134	
Total Title I			203,826	
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	N/A	600,504	
Special Education Preschool Grants	84.173	N/A	23,836	
Total Special Education Cluster (IDEA)			624,340	
Improving Teacher Quality State Grants	84.367	N/A	56,344	
Student Support and Academic Enrichment Program	84.424	N/A	30,477	
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	18,064	
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	N/A	577,961	
Total COVID-19 Education Stabilization Fund			596,025	
<i>Direct Program</i>				
Impact Aid	84.041	N/A	255,402	
Total U.S. Department of Education			<b>1,766,414</b>	
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,150,112</b>	<b>\$ 112,324</b>

*The accompanying notes are an integral part of this schedule.*

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bellbrook-Sugarcreek Local School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program[s] that benefitted from the use of those donated food commodities.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Bellbrook-Sugarcreek Local School District  
Greene County  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellbrook-Sugarcreek Local School District, Greene County, (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Bellbrook-Sugarcreek Local School District  
Greene County  
Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BHM CPA Group*

BHM CPA Group Inc.  
Portsmouth, Ohio  
December 31, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Bellbrook-Sugarcreek Local School District  
Greene County  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

To the Board of Education:

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Bellbrook-Sugarcreek Local School District's, Greene County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Bellbrook-Sugarcreek Local School District's major federal program for the year ended June 30, 2024. Bellbrook-Sugarcreek Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Bellbrook-Sugarcreek Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Bellbrook-Sugarcreek Local School District  
Greene County  
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal  
Program and on Internal Control over Compliance Required by the Uniform Guidance  
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BHM CPA Group*

BHM CPA Group, Inc.  
Portsmouth, Ohio  
December 31, 2024

**Bellbrook-Sugarcreek Local School District**

**Greene County**

**Schedule of Findings**

*2 CFR § 200.515*

June 30, 2024

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund (AL #84.425D) and American Rescue Plan Elementary and Secondary School Emergency Relief Fund (AL #84.425U)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

**Bellbrook-Sugarcreek Local School District**

**Greene County**

Schedule of Findings

*2 CFR § 200.515*

June 30, 2024

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**None**

**3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS**

**None**

# OHIO AUDITOR OF STATE KEITH FABER



BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

GREENE COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 4/8/2025

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)